

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1597 – HB 1457

April 15, 2014

SUMMARY OF ORIGINAL BILL: Creates the Tennessee Come Back for Your Future (TCBYF) scholarship program. Declares that only students who receive TCBYF scholarships in the 2014-2015 academic year shall be eligible to receive TCBYF scholarships in future academic years. Requires potential recipients to be eligible to receive a HOPE lottery scholarship; to not have been enrolled in a postsecondary institution for at least 12 months prior to application; and to be within 60 hours of obtaining a bachelor's degree or within 30 hours of obtaining an associate's degree. Requires potential recipients to enroll in either an eligible two- or four-year institution; to file a Free Application for Student Aid (FAFSA); to apply for the TCBYF scholarship; to provide transcripts to the institution for which the student wishes to enroll; and to apply for all non-lottery financial assistance for which the student is eligible. Requires potential recipients to have degree completion plans which shall be filed with the Tennessee Student Assistance Corporation (TSAC). Sets forth requirements for students to maintain TCBYF scholarships. Sets forth TCBYF scholarship termination policies. Authorizes a student who receives a TCBYF scholarship to take a leave of absence for medical or personal reasons and to receive the TCBYF scholarship upon re-enrollment at the institution with certain restrictions. Authorizes TCBYF scholarship recipients to transfer to another institution.

Sets the TCBYF scholarship equal to one-half of the tuition and fees required at the postsecondary institution for one semester. Requires TSAC to award scholarships on a first-come first-served basis. Limits TSAC from expending more than five million dollars from net lottery proceeds for the life of the program. Requires the Office of Research and Education Accountability (OREA) within the Comptroller of the Treasury to review and study the TCBYF scholarship program and to make a report to the Speakers of the House and Senate and the Education Committees of the General Assembly before December 31, 2016.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures –

\$5,000,000/One-Time/Lottery for Education Account

Other Fiscal Impact – The one-time increase in state expenditures from the Lottery for Education Account could occur in FY14-15 exclusively or occur over an unknown period of time that may consist of multiple fiscal years. The annual impact to the Lottery for Education Account is dependent upon the demand of the new scholarship program.

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SUMMARY OF AMENDMENTS (013387, 016229): Amendment 013387 deletes and rewrites bill such that the only substantive changes are to add the definition of “business day”; authorizes students to receive a TCBYF scholarship and attend an eligible independent postsecondary institution; limit a TCBYF scholarship for students attending an eligible independent postsecondary institution to \$3,500 or the average tuition and fees at an eligible independent postsecondary institution, whichever is less; and authorizes TSAC to use an estimate of the number of students who will maintain program eligibility after the 2014-15 academic year when determining how much funding will be needed after the 2014-15 academic year. Prohibits TSAC from awarding additional scholarships during the 2014-15 academic year once the amount of money needed to fund scholarships in the 2014-15 academic year, and the amount of funding needed in subsequent years, reaches \$5,000,000. Amendment 016229 changes the maximum amount of funding from the Lottery for Education Account that may be used for the TCBYF scholarship program from \$5,000,000 to \$3,000,000.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Other Fiscal Impact – There will be a one-time increase in state expenditures from the Lottery for Education Account estimated to be \$3,000,000. This one-time increase in state expenditures will be spread over multiple fiscal years. The annual impact to the Lottery for Education Account is unknown and dependent upon the demand of the new scholarship program.

Assumptions for the bill as amended:

- Pursuant to the maximum funding provision established in the bill as amended, there will be a one-time increase in state expenditures of \$3,000,000 from the Lottery for Education Account. The maximum funding amount will be expended over an unknown number of fiscal years.
- Any increase in state expenditures for OREA to make the required report is estimated to be not significant

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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